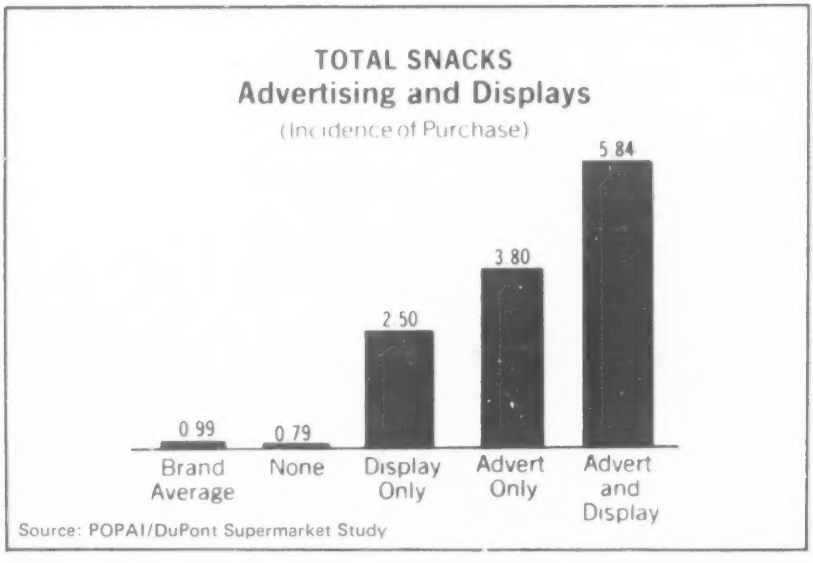
Special Report

POPAI/DuPont Consumer Buying Habits Study



Marketing snack food

Latest POPAI/DuPont study shows continued high incidence of impulse buying in supermarkets.

What gobbles up 4.5 pounds of potato chips, 3 pounds of corn chips, 1.5 pounds of pretzels and 30 quarts of popcorn per year? The answer—the average American consumer.

Despite our national predilection for between meal snacks, most consumers do very little planning for the purchase of such foods. In fact, eight out of ten shoppers who buy potato chips, pretzels, popcorn, corn chips, and other snacks ranging from Slim Jims to pork rind, make their final purchasing decisions in the store, according to results of the 1977 POPAI/DuPont Consumer Buying Habits Study.

The POPAI/DuPont Study is the successor to the previously-conducted DuPont Buying Habits Studies that were published in five-year intervals from 1935 to 1965. Although there have been shifts in consumer purchasing patterns since the last study, the bottom line has remained virtually unchanged—nearly two-thirds of every dollar spent in the supermarket results from some decision made in the store. In other words, consumers are greatly influenced by what they see in the store.

Methodology

The POPAI/DuPont Study is now being financed by some 50 national advertisers who receive both traditional information and special, "unpublished" proprietary data about their products and those of their competitors.

Sponsorships for the 74 major product categories studied are available through the Point-of-Purchase Advertising Institute in New York. In addition to the general and proprietary information, sponsors are also provided with optional special reports such as: correlations of various products, inter-brand relationships, and total supermarket purchases for their customers versus those of non-customers.

The intent of the study was to determine what percentage of total purchases is planned before the shopper enters the store, and what percentage is prompted by the in-store influences. Some 53,000 purchases made by 4,000 shoppers at 200 supermarkets were recorded.

As shoppers entered each store, trained interviewers questioned them as to what generic items and which brands they intended to buy. To avoid influencing behavior, they were not told that their purchases would be checked when they left the store. Actual purchases made were recorded after the consumers had finished shopping and were leaving the store.

The study divided purchases into four categories:

1. *Specifically Planned:* a specific brand of item purchased as planned, like OK shampoo or XYZ cookies.
2. *Generally Planned:* a general classification like a loaf of bread, a vegetable or snack.
3. *Substitute:* a change from a *Specifically* or *Generally Planned* item.
4. *Unplanned:* an item bought that the shopper did not have in mind upon entering the store.

The In-Store Decision Factor is derived by adding *Generally Planned, Substitute* and *Unplanned* purchases. This statistic has been used to promote products, to improve supermarket layouts, to encourage store departmentalization, and to sell the need for special displays. Knowing how to identify and merchandise "high impulse" items contributes significantly to the profitability of national advertisers and supermarkets.

The snack food consumer

Snack purchases have held their own as high impulse items since 1965, although there has been some shift in the pattern of snack buying decisions. The frequency of snack purchases within the *Specifically Planned* category remains almost the same today as in 1965 when 20% of snack purchases were made with pre-planning. This figure is significantly lower than the 35% estimate for all products. However, the all products figure includes staple items.

In the *Generally Planned* category, snacks follow the trend set by all products, showing an approximate 30% drop since 1965 in the number of these buying decisions. Today, 10% of all snack purchases are generally planned, compared to the 14.8% figure for all products. People are not planning what they are going to buy in terms of snacks to as great a degree as they did in the past.

Under *Substitute*, snacks show less change than do other products. The substitution rate is lower.

However, in the *Unplanned Purchase* category, snack foods start! They've gone up slightly in the category since 1965, and the 67.6% figure compares very favorably, in fact 30% better, with the average of all products.

The 80% In-Store Decision figure for the snack foods indus-

TOTAL SNACKS

	Specifically planned	+ Generally planned	+ Substitute	+ Unplanned	= Total store decisions
1965	19.7	12.6	1.6	66.1	80.3
1977	20.2	10.0	2.1	67.7	79.8
ALL PRODUCTS					
1977	35.2	14.8	3.0	47.0	64.8

1977 BUYING DECISIONS

	Specifically planned	+ Generally planned	+ Substitute	+ Unplanned	= Total store decisions
POPCORN	13.7	8.2	—	78.1	86.3
PRETZELS	16.3	10.6	2.9	70.2	83.7
POTATO CHIPS	25.5	12.8	2.1	59.5	74.4
CORN CHIPS	18.1	2.4	1.6	78.0	82.0

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try, derived by adding the *Generally Planned*, *Substitute*, and *Unplanned Purchase* columns, is among the highest in the POPAI/DuPont Consumer Buying Habits Study. Eight out of ten shoppers who buy a snack product make the purchase decision in the supermarket.

Where stores record case movement, the POPAI/DuPont Study calculated the number of people buying a product, and called this measurement the "Incidence of Purchase." The number of purchases of a product is divided by the number of shoppers. Then, to obtain a manageable figure, it is multiplied by 100. For instance, the IP for snack foods is 22.78. For every 100 shoppers that go through the store, nearly 23 snack food purchases are made.

Who is the biggest buyer of snack foods? When men shop alone, the IP is 14.6; add a woman and it jumps to 20.3; add a child and it leaps to 32.4; take the man away and the mother and child score a 37.13. Therefore, the study indicates that the ideal buying atmosphere for snack foods is one that involves the whole family, or one directed to the mother and child. These figures relate to an IP of 22.78 for all shoppers. As you can see, this is a popular category of products since almost one out of five people (18.4%) passing through the supermarket will buy a snack item.

Employed female shoppers have a higher IP rate than those working inside the home. And, the 12% difference is reflected, not only in snack food purchases, but in almost all convenience products examined.

As income goes up, purchases of snacks also increase, until an annual salary of $25,000 is reached. Then, they begin to taper off. This is probably due to changing tastes and to the fact that once families reach a high income level, the younger members begin leaving home.

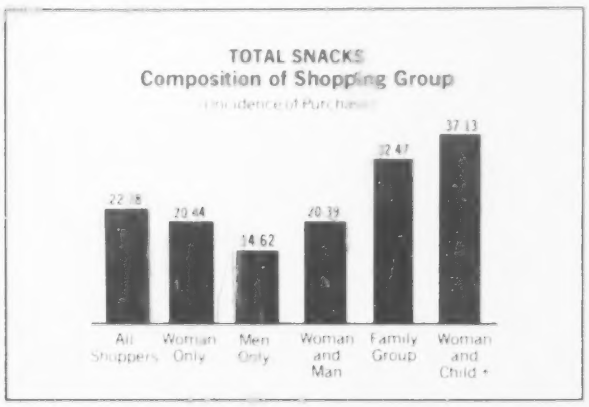
How about age? Under-20-year-olds buy snacks, but the major purchasing group includes the 30 to 39-year-olds. However, this is a reflection of the prevailing buying pattern rather than of consumption. The IP, as well as consumption, begins to taper off in the more elderly categories.

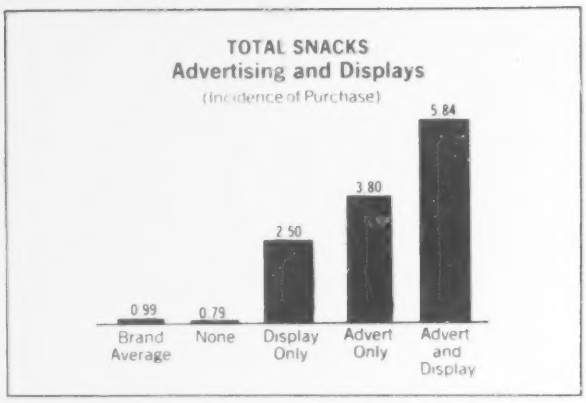
A.C. Nielsen estimates that 35 billion coupons were released by manufacturers last year. The POPAI/DuPont Study found that almost 24% of the shoppers who entered the store had coupons in their possession, and 19.1% used them. Snack shoppers are big users of coupons when they are available. And, when they are, the IP jumps 35%.

Effects of newspaper ads

Examining the total snack category, in-store circulars, which usually indicate a price concession, result in a fivefold increase in the IP. Newspaper ads by themselves do not have the same impact but, when used with coupons, produce 2.5 times more buying decisions than circulars alone.

Limiting this to potato chips, the study reveals that there is a sixfold increase in the IP with circulars. Coupon alone or the combination of newspaper ad and coupon follows the same response for potato chips as the figure for total snacks.





Effects of advertising and display

The impact of advertising in combination with a point-of-purchase display is reflected in a substantial increase in the IP. For example, display alone increases snack food sales 2.5 times, compared to an increase of 3.8 times for advertising alone. When the two are used in tandem, there is almost a sixfold increase.

Sales of potato chips follow essentially the same pattern. In this case, though, the increase is roughly eight times as great as it is without the advertising and display combination.

This is a typical picture of the way in which all snack food purchases are influenced. Similar statistics are reported for nearly all 74 major categories studied. Percentages vary between product categories, products and brands, but the result is a usable curve showing the effects of advertising, display and the two combined.

Deductions and observations

With such information, interactions between related products can be determined by correlations in buying patterns. For example:

Snack buyers are twice as likely to make soft drink purchases as shoppers who do not buy snacks. But the "force" in this case is the drink category because the IP is higher for total soft drinks than it is for snacks.

Snack buyers are even heavier users of cola. In fact, they are 2.3 times as likely to buy a cola product than are non-snack shoppers. Here, snacks are the driving force.

Snack buyers are good customers of malt beverages and buy this drink 1.76 times as often as those who do not buy snacks. Again, snacks are the driving force.

And, snack buyers are 1.5 times as likely to buy cheese foods and spreads as are non-snack buyers. Cheese foods and spreads are the driving force in this case.

Summary

The results of the POPAI/DuPont Study offer critical guidelines for the snack food and supermarket industries:

Snack foods are popular with the supermarket's prime audience—the 30-39 year old group.

Consumers today make fewer shopping trips—they spend an average of 24.9 minutes shopping and seven minutes at the checkout counter—and therefore offer fewer opportunities to be reached by the merchandiser.

Snack purchasers are valuable supermarket customers because they are frequent buyers of other high-cost products.

The interaction of snack foods with other products demands tie-in departmentalization and tie-in display.

These findings are proof positive that, for all its force, preselling has little effect without a connection at the point of purchase. If there is to be growth in the supermarket or within the snack food industry, p-o-p must assume a greater role. It creates a selling environment and extra selling space, generates consumer excitement, provides product data for purchasing decisions, and, most importantly, closes the sale.

THE POPAI • DuPont Study of CONSUMER BUYING HABITS

STORE DECISIONS...2/3 OF EVERY DOLLAR SPENT IN THE MARKETPLACE

The POPAI/DuPont Consumer Buying Habits Study is the successor to the previously conducted DuPont Studies - which were published in five-year intervals from 1935 to 1965. Although there have been shifts in consumer purchasing patterns since the last study, the bottom line remains virtually unchanged - that is - nearly 2/3's of every dollar spent in the supermarket today results from some decision made in the store. In other words, customers are still largely influenced by what they see in the store - and how they view what they see.

The intent of the Study was to determine what percentage of total purchases was planned before the shopper entered the store, and what percentage was influenced by something that happened after entering the store. 53,000 purchases made by 4,000 shoppers at 200 supermarkets were recorded.

The Study was financed by The Point-of-Purchase Advertising Institute and some 50 companies, leaders in marketing their products through the supermarket. These sponsors are receiving general information (such as found in this report) and special proprietary information about their brands and competing brands - data which will never be published. Additionally, sponsors can order special in-depth reports, such as: correlations of various product groups (eg: snack food vs. beverage purchases); interbrand relationships; total purchases for their customers vs. non-customers; purchases by supermarket size for product lines; and nearly 100 other specially prepared reports.

Sponsors are using these findings in a myriad of ways to improve their position in the marketplace. For example, data can be used for:

- sales presentations
- tracing patterns related to demographics
- market planning/strategies
- generating greater merchandising opportunities
- strengthening retail relationships
- departmentalization
- store layout/design
- sales training programs
- enhancing shelf position
- guidelines for tailoring in-store promotions and advertising

IT'S NOT TOO LATE TO PUT THE RESULTS OF THE POPAI/DUPONT CONSUMER BUYING HABITS STUDY TO WORK FOR YOU...

If you are interested in benefiting from this landmark Study, write POPAI 60 East 42nd Street, New York City, New York 10017 for complete details on sponsorship requirements.